

## Message Text

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16

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 SAM-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 /105 R

DRAFTED BY EB/OT/GCP:RTBANQUE:JM

APPROVED BY EB/ITP:CWSCHMIDT

COMMERCE:GBARE EUR/SE:JMORTON

COMMERCE:JJOHNSTON

COMMERCE:RFRANCIS (SUBS)

STR:SLANDE (SUBS)

LABOR:JCOYLE (DRAFT)

AGRICULTURE:KREYNOLDS

EUR/RPE:ECASEY

TREASURY:AGAULT EUR/WE:EBEIGEL(SUB)

----- 031100

R 270048Z PEB 76

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

INFO AMEMBASSY NICOSIA

AMEMBASSY LISBON

USDEL MTN GENEVA

USMISSION GENEVA

LIMITED OFFICIAL USE STATE 047248

E.O. 11652: N/A

TAGS: ETRD, EEC, PO, CY

SUBJECT: GSP AND REVERSE PREFERENCE COUNTRIES

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REF: (A). EC BRUSSELS, (B). EC BRUSSELS 1680

1. AS POSTS ARE AWARE, SECTION 502 (B)(3) OF THE TRADE ACT OF 1974 PROHIBITS THE PRESIDENT FROM DESIGNATING DEVELOPING COUNTRY AS A GSP BENEFICIARY, IF SUCH DEVELOPING COUNTRY GRANTS PREFERENTIAL TREATMENT TO THE PRODUCTS OF A DEVELOPED COUNTRY, OTHER THAN THE UNITED STATES, HAVING, OR LIKELY TO HAVE, A SIGNIFICANT ADVERSE EFFECT ON U.S. COMMERCE. SECTION 504 (B) REQUIRES THAT A BENEFICIARY'S ELIGIBILITY UNDER SECTION 502 (B) BE KEPT UNDER REVIEW. IN SEPTEMBER 1975 AN INTERAGENCY COMMITTEE CONCLUDED THAT PORTUGAL EXTENDED REVERSE PREFERENCES WITH SUCH AN EFFECT ON U.S. COMMERCE AND THAT CYPRUS DID NOT. DISCUSSIONS WITH THE GOP ARE CONTINUING WITH THE AIM OF FINDING SOME MEANS OF GRANTING GSP TO PORTUGAL THROUGH ACTION BY THE GOP TO ELIMINATE THE SIGNIFICANT ADVERSE EFFECTS OF THEIR REVERSE PREFERENCES ON OUR COMMERCE.

2. REFTELS INDICATE THAT MODIFICATIONS OF THE EXISTING EC/PORTUGAL AND EC/CYPRUS AGREEMENTS ARE EITHER BEING

NEGOTIATED OR UNDER DISCUSSION IN THE COMMISSION.

3. MISSION IS REQUESTED TO ASCERTAIN HOW A NEW AGREEMENT MIGHT MODIFY THE REVERSE PREFERENCES EXTENDED BY PORTUGAL AND CYPRUS TO THE EC. WILL THE PRODUCT COVERAGE BE BROADENED? WILL THE PREFERENTIAL MARGINS BE DEEPENED?

4. MISSION SHOULD INFORM COMMISSION OFFICIALS OF THE BASIS OUR INTEREST; I.E., THAT WE WOULD LIKE TO GRANT GSP TO PORTUGAL, IF POSSIBLE, AND THAT WE ARE REQUIRED BY OUR LAW TO REVIEW THE EXTENT OF REVERSE PREFERENCES MAINTAINED BY GSP BENEFICIARIES, SUCH AS CYPRUS. KISSINGER

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENT DRAFT, GENERALIZED PREFERENCES (TARIFFS), LESS DEVELOPED COUNTRIES, PREFERENTIAL TARIFFS, RELATIONS WITH REGIONAL ORGS, TRADE ACT OF 1974  
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**Copy:** SINGLE  
**Draft Date:** 27 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE047248  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** RTBANQUE:JM  
**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
**Film Number:** D760073-1133  
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**Line Count:** 98  
**Locator:** TEXT ON MICROFILM, TEXT ON-LINE  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 31 MAR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <31 MAR 2004 by ElyME>; APPROVED <07 JUL 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> gwr 970922  
**Subject:** GSP AND REVERSE PREFERENCE COUNTRIES LIMITED OFFICIAL USE  
**TAGS:** ETRD, CY, PO, EEC  
**To:** EC BRUSSELS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006